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Joshua Muldavin

Professor of Geography and Asian Studies at Sarah Lawrence College

“The environmental and social outcomes of China’s reforms: challenges to state legitimacy”

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Hearing on Major Internal Challenges Facing the Chinese Leadership

Introduction

You asked me to come here today to discuss China’s internal unrest, and make a prognosis for the future. This is a complex topic to cover in eight minutes, but I will lay out what I think are the key issues at hand, and then leave further details for your questions. Thank you for the invitation and the opportunity to express my views and results of my research in China over the past twenty-three years. During this time I have worked for eight years in rural China, and as such it is China’s relative hinterlands that I will discuss briefly today. I believe that it is in rural areas that we can find the most important clues to China’s current predicament and perhaps the most promising solutions. In fact, China’s rural areas are the root of the most famous uprising in China during the reform decades—Tian’anmen in 1989.

China’s economic successes since 1978 are undeniable. But shortcomings and failures of the post-Maoist reforms are also undeniable and are the inevitable outgrowth of China’s chosen path. China’s rapid growth of the last two and a half decades has been built upon a base of environmental destruction and decay. In this process, the state has lost much of its legitimacy with the country’s majority, and is now challenged by direct and indirect forms of resistance. As China’s global integration accelerates, this paradox of growth built on decay, and the resulting rural crisis, has created a shaky foundation for arguably the world’s most important new superpower. The state has tried to grow its way out of the problems but I argue that this has only intensified rising social unrest which accurately reflects a rural crisis and the state’s increasing loss of legitimacy, particularly in rural areas. This has important implications not only for China but also for the world.

In 2005 there were 87,000 incidents of unrest in China according to the state security bureaus own statistics. That means on any given day the state is having to deal with 240 or more uprisings or incidences of unrest someplace in the country. So if you put on the hat of the state leader this is really an important and very difficult issue on a daily basis, not something that’s just occasional. One of the things that I’ve argued is that this is not unexpected and that in fact by focusing on the paradox above, the fact that these two decades of market reforms and very rapid growth have created serious environmental and social problems— we can best understand current challenges to state legitimacy.

The down side to China’s growth is primarily felt by the rural majority and by the most vulnerable people in the society. So you have in China since the implementation of the reforms in the early 1980s, the development of between 100 and 150 million in the middle class, you have a very powerful elite that has also developed, but you also have in the hinterlands 800 million peasants, 400 million of which have seen their incomes decline and lives worsen. Those at the bottom, most hard hit, are women, children and elders—for whom market opportunities, if

the do exist, exist in only the most exploitive of circumstances.

There are two China's now—one that the world pays homage to and the other that the world has forgotten about. One is for investors and those interested in trying to go in and make money, set up factories and use China as the industrial platform for the world that it has become. Then there is this rural hinterland—and the rural hinterland is a whole other story. In these areas the reforms brought initial increases in income but were accompanied by serious problems of subsequent stagnation and declining production, leading to rising peasant risk as they increasingly rely just upon household labor and now small plots of land for their livelihood.

I will look at two examples that help explain the Chinese state's lost legitimacy and also connect it directly to two different aspects of the rural unrest stemming from the environmental and social consequences of China's reforms: a recent uprising in southern China's rapidly growing Guangdong Province; and an environmental pollution incident in Heilongjiang Province in the northeast.

Unrest in Guangdong Province

Much of Western reaction to last December's police killing of as many as twenty protesting villagers in China's Guangdong province missed the tragic event's true significance. The dispute, involving the government's seizure of peasant land for a power plant, is symptomatic of deep structural social and environmental problems that challenge the Chinese state and its chosen development path.

Myriad problems—social, environmental and economic—have the state in near panic as it tries to hold down the resulting widespread unrest in the countryside. While rural strife is not new—in 1994, I witnessed thousands of peasants in Henan province fight a local government militia over unpopular taxation and state policies, something I can discuss in greater detail during questions if you wish—its scope and frequency have increased greatly. Although lethal violence in such events is rare, the unrest in the countryside is the biggest political problem China faces today. In 2004 there were 74,000 uprisings throughout the country according to official estimates. This increased to 87,000 incidents in 2005 (a 16% increase). They emerge from a context of widening gaps between rich and poor, urban and rural areas, and the rapidly growing industrial east and stagnating agricultural hinterlands. Booming Guangdong, in the south of China -- an epicenter of foreign direct investment, with thousands of new factories of global and Chinese corporations--embodies these inequalities most intensely. It is thus unsurprising that the province has become a focus of resistance to development as peasant lands are overrun with industries.

Peasant land loss is a time bomb for the state. While avoiding full land privatization and, until recently, massive landlessness of the rural majority, Beijing still allows unregulated rural land development for new industries and infrastructure. Land seized from peasants reduces their minimal subsistence base, leaving them with what is called "two-mouth" lands that won't feed a family of five, thus forcing members of many households to join China's 200 million migrants in search of work across the country on any given day. In many areas where I have carried out research, some households have lost even these small subsistence lands, contributing to China's nearly 70 million landless peasants according to official estimates (official estimates state the 3

million currently lose their lands each year). This harks back to the period prior to China's 1949 revolution when enormous numbers of landless peasants formed the core of the largely rural movement led by Mao and others. Following their victory, it was the redistribution of land to the poorest peasants that gave the Communist party its greatest enduring legitimacy in rural areas. And now with enormous numbers of landless or land-poor peasants, that then means that the Chinese state is struggling just to maintain basic legitimacy in these rural areas. It is the loss of this legitimacy that lies at the heart of the most recent strife.

Peasants are losing their land to roads, power plants, dams, factories, waste dumps, and housing projects for wealthy city-dwellers escaping urban pollution and small apartments. Compensation for land seizures is minimal and not nearly enough to replace lost subsistence in a rural society without social security beyond family ties given that collective welfare mechanisms no longer exist due to the post-Mao reforms. Such circumstances—combined with unresponsive local governments—force residents to take desperate means to try to limit the resulting increase in vulnerability. Peasants in Dongzhou, Guangdong blocked access to the power plant last December only after years of petitions and peaceful protests had failed to get them promised compensation for their lost lands.

The Chinese state is very clear on the rural roots of the 1949 revolution, ones emanating from massive inequality and social insecurity. As a government of rural revolution itself, the Chinese state knows where incidences like this can lead. And so now, in the current situation there is clarity as well for peasants and rural workers who have seen the state increasingly side with the newly rich over the past two decades, often at a direct cost to themselves, their families and communities. Beijing could use the violence in Guangdong as an opportunity to address the structural roots of the larger unrest. Instead the state is focusing on re-characterizing the killings as the mistake of an overly zealous local police officer rather than a systematic attempt to hold down rural discontent by, ultimately, any means necessary.

How heavy handed the authorities are in dealing with rural unrest is actually hard to say in any kind of generalized sense. But I would say that the state is extremely aware and concerned about the possibility of some kind of coalition or gathering of different groups together to start organizing on a broader basis. They're very quick to try to do two things. One is to find out if there are leaders and to pull them out right away and reprimand them or worse. The second thing is also to try to intervene and do a combination of placating protesters and local governments—where the conflict often is most intense, between local peasants and local governments—with populist promises as well as threatening anyone who tries to cause further unrest.

Behind and beyond the chemical spill in northeast China

Another example of the problems that the Chinese state faces can be seen in the recent spate of environmental disasters in the news, and the rising awareness of these across China.

The spill into the Songhua River of 100 tons of benzene last November—a powerful carcinogenic petrochemical that causes leukemia—forced the evacuation of thousands and poisoned the water supply for millions in northeast China including Harbin, the region's major city. Most analysts following the disaster focused on the challenges faced by urban Chinese, and

the real problems of lax environmental regulatory enforcement, corrupt local officials, and delayed sharing of crucial information with affected populations. But they missed two far more significant points. First, the spill is not a singular event but a manifestation of a much larger structural problem within China that disproportionately impacts rural areas where the country's majority lives. And second, the world as a whole to varying degrees is implicated in this predicament, and can no longer afford to pretend otherwise.

Far from the bustling megalopolises of Beijing and Shanghai, China's rural hinterlands are the engine and the dumping ground of China's unprecedented economic growth and trajectory. These rural areas provide the country's booming cities with cheap, unorganized labor drawn from extremely poor peasant communities in the midst of their own social and environmental crises. It is also here that many toxic industries are located and through which the benzene spill first flowed and will soon flow again—out of sight of the world's media. Rural laborers work in some of the world's dirtiest, most dangerous conditions in these far-flung township and village industries spread across the whole country. These industrial subcontractors to Chinese and international corporations spew pollution into the air and water and onto the land. And when rural workers' health is destroyed in these factories, they return to tilling the decimated lands surrounding their villages—toxic waste dumps for this unregulated production.

I spent a good part of the 1980s living along the banks of the Songhua River. I vividly remember drinking purple contaminated well water in a nearby village with no other water source than the one polluted by the small local factory. The choice for local residents was to drink the water or leave and join the 200 million peasants searching for work in China's cities on any given day. Such choices are the downside of China's economic success since the early 1980s, one that has made it the producer of an ever-increasing share of the world's industrial output. The country's phenomenal growth has been achieved through a ravaging of the rural resource base, accompanied by declining peasant access to basic social services, public health, and education, and a profound and rapidly growing gap between urban and rural areas, and a wealthy minority and poor majority.

Such matters may seem distant. Their concrete manifestations, however, appear on the shelves of the local Wal-Mart and Ikea. Rural China, its environment and people, are on the bottom of a global commodity chain tied to China's emergence as global corporations' industrial platform of choice. While China's workers and environments pay most of the costs, we outside the country's borders, ever-eager to purchase low-priced goods, irrespective of the environmental and social impacts—particularly ones as distant and hidden as those in rural China—consume the benefits. And yet indirectly we also bear the costs.

As the world's companies continue to rush to China to set up factories to avoid the environmental and occupational regulations elsewhere, as well as unionized labor, they are dragging communities worldwide on a downward race to the bottom as they struggle to compete with China's socially and ecologically destructive industrial platform. As well, resources around the world are increasingly being funneled through this exceptionally unregulated industrial zone. It is this sad truth we must face, and it is the related challenge to the world's communities that we must directly confront. It is too easy to raise a short-lived cry of dismay at each toxic news event, pointing fingers at corrupt local leaders and industrialists, or even at the failure of China's

regulatory system, only to move on to another story next week. Instead we must do two things: tackle the environmentally and socially unsustainable ways we choose to globally produce and consume; and put pressure on China to focus its development efforts on the most vulnerable.

Conclusion

Many cite China as a success story of market transition. But the negative costs, human and environmental, should make us question the wisdom of our rapidly expanding global interdependence, as well as development models overly reliant on markets to provide needed social goods, occupationally safe employment, and environmental sustainability for the majority of the world's peoples. The dilemma for China is not a public relations one, nor is it about how to cope with these particular two events. Unless overall policies are altered to address the needs of China's vulnerable rural majority, Beijing will surely face more protracted and violent challenges from the victims of the country's contemporary development "success" in the foreseeable future.

It is not in the interests of the West, or of Asia, to have an increasingly unstable China. Its 800 million peasants should not be pushed further into a global market economy in which price swings affect distant villages that no longer have government welfare and protective buffers. That will only lead to rising rural discontent at a time of increasing urban unemployment. The West cannot afford to ignore growing instability in China. We are too interdependent, as well as complicit. Understanding the roots of the instability is an important first step toward devising pathways of positive change for the lives of one in eight of the world's people.